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ABSTRACT

Society has stereotyped the elderly as those who are unable, dependent, institutionalized, and handicapped in various other ways. Stereotyping older people in this manner allows them to be cast aside in the market as well. The marketing community should concentrate more on this thriving aggregate, for they have disposable income--some for the first time in their lives--and time to spend it. Average per capita income of households headed by someone over 65 is only $500 less than that of the working population as a whole. Despite these figures retailers still do not pay meaningful attention to this potentially lucrative market. The Marriott Corporation has taken a new approach to the elderly by trying to find out what the needs of this group are and how to meet them. They have come up with a "new service business" called Lifecare, a residential retirement community that not only provides personal care, health care, and all the necessities, but is designed to keep older people active and full of life by doing things with other people their own age. More marketers should overcome the archaic concept that those past middle age stay at home, clean their dentures, and worry over arthritis. They clean their homes, watch television, go to restaurants, and travel. It is time to cash in on this growing, robust market segment and reap the benefits. (Thirty-three notes are included.) (MS)

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AMERICA'S SENIORS: MARKETERS ARE UNDERESTIMATING THEIR POWER

Society has stereotyped the elderly as those who are unable, dependent, institutionalized and handicapped in various other ways. This attitude is immeasurable and has had an overwhelming impact on the self-concept of the aged. Instead of opposing it, some fall prey to it.

By stereotyping older people in this manner we have cast them aside in the market as well. However, there is no sound reason to believe that consumption becomes less important in later years. Marketers have the power to create a new image for those over 60. The purpose of this paper is to demonstrate that the elderly are indeed an important market.

The number of persons over 65 in the United States exceeds the entire population of Canada yet most marketers have overlooked the elderly as source of consumer demand.[1] Those advertisers who have acknowledged this group think they know how to appeal to them but, for the most part, have missed their target. This is often due to poor planning based on stereotypes of older consumers and misunderstanding of similarities and differences between them and the younger population.[2] The marketing community should concentrate more on this

thriving aggregate as they have disposable income, some for the first time in their lives, and time to spend it.

AMAZING STATISTICS

According to census data there are 22 million Americans between the ages of 55 and 64 and 28.5 million who are 65 and over.[3] The baby-boom generation will start to turn 65 early in the next century, which is only a few years away.[4] Of all the folks in the history of mankind who have lived to the age of 65, over half of them are alive today.[5] Two hundred years ago, the median age was 17. Today it is 31 and climbing.[6] According to Age Wave, a consulting company specializing in the upcoming "senior boom", babies born in the year 2000 will live into their 90's.[7]

CATERING TO YOUTH

With so many people living in this country in their later years, it seems as if we would better accommodate them yet American is designed for the young. Cars are directed toward a younger, faster-paced lifestyle. They are sleek, sexy and expensive. Clothes are modeled by and directed toward beautiful women and men who are 18 to 25 years old. Television commercials show youthful people most of the time, as if older people don't exist. According to Dave Poltrack, a vice president of marketing

at CBS, networks traditionally sell time based on audiences aged 18 to 49, or 25 to 54.[8]

Advertisers who have found success in the baby-boomer generation think there is no other market. Martin Puris, an "ad man" from Chicago born in 1939, saw what the war had done to his industry. He decided people "rebelled against big bands, big cars and big armies, and they would rebel against big sellers once they had enough money to spend."[9]

In 1974, he, along with his new partner, Ralph Ammirati, took a "clunky box of a car known as a BMW" to a Westchester County country club in New York and parked it next to the Cadillacs and Buicks. Said Puris, "Everyone who saw it hated it." This suited him fine as he made up his mind that the pre-war over 40 set was not attuned to modern technology. He would instead set his sights toward his "own generation, the ones who love engineering and performance, people looking for a personal relationship with their mechanics."[10]

Perhaps the reason some advertisers overlook an older market is that the advertisers themselves are very young. Randall Rothenberg of the New York Times says agency executives and employment recruiters rush to hire young copywriters and art directors who are willing to

flout convention. He says this is a part of a renewed emphasis on creativity in the profession.[11]

There are some less than 40 year old minds who have reached out to those more than 40, but they are few and sometimes misinformed. Some cosmetics lines, belonging to a billion dollar industry, still define the older woman as someone over 30.[12] One commercial says to the "older women" its product "actually makes skin over 25 look younger."[13]

Others in the marketing community who have attempted to address seniors lump them into age categories such as 65, 60 or even 55 and identify them as "mature" or "elderly".[14] People usually do not perceive themselves as "elderly" until they are 75 and older.[15] These age definitions show a lack of understanding of what these people are really like, including inadequate awareness of their needs, interests and lifestyles. This causes them to feel ignored or uncomfortable with the promotional messages directed toward them.[16]

A MISUNDERSTOOD FAMILY

"Marketers of products to seniors too frequently over stress product attributes and services while paying too little attention to '<u>being</u>' experiences as a generator of life satisfaction" says David B. Wolfe of

Wolfe Resources Group. By "being" experiences, he means those which "enhance one's appreciation of life."[17]

Ad agencies and consumer product companies, in their misunderstanding of the elderly, routinely underestimate the willingness of 50+ consumers and overestimate the willingness of many marketing techniques.[18] According to research, 60% of Americans 60 years old and over place little value on television and radio ads, yet many marketers believe in broadcasting's ability to reach that market.[19] Most of their advertising comes from newspaper and through word of mouth from a friend or spouse.[20] Also, 40% of advertising agencies and corporate marketing manager believe older Americans value magazine ads but fewer than 15% say they are influenced by them.[21]

Research by the Daniel Yankelovich Group, a public opinion and marketing research firm, shows that seniors, whom marketers view as typically resistant to new technology, may be rejecting products because they are viewed as "time savers."[22] Their survey showed that only one-third of 60 and overs and less of 70 years olds needed devices that save time such as microwaves. They typically look for ways to take up time such as cooking conventionally. They would prefer to go out to a movie over watching one at home on a VCR. They would likewise prefer the interaction of a human bank teller over an

Automatic Teller Machine.[23] The survey also found some older people view household chores as good (and sometimes their only) exercise.

Yankelovich also says, "If you had products that took as long or longer to do the same task, but were easier, more sociable and pleasant, your company would be marketing to seniors." He says the difference between marketers and older consumers falls in their definition of quality: marketers - putting quality into a product is to load it with additional features; senior citizens- simplify products and relieve physical effort in them.[24]

It seems Procter and Gamble fostered misconceptions in the 19th century about mature consumers. By marketing products by weight in bulk they were concentrating on larger families who needed more economical buys. Most of the other packaged goods companies followed as P & G was and is the United States' largest advertiser of such goods.[25]

A profile of the elderly consumer provided by Lumpkin and Greenberg, painted a different picture than was once perceived. The elderly don't have a mobility problem. They enjoy the shopping experience and would prefer to go to a store than order from a catalog. They shop at department stores and some specialty stores. They are not likely to change their patronage patterns to

try something new and will tend to continue to shop where they feel comfortable.[26]

Furthermore, price and price-related aspects are of lesser significance to these people. The elderly make up an annual purchasing power of $60-200 billion. Most of them no longer support a family and their homes are paid for. This will increase by 10% by 1995.[27] The poverty rate for this group is only about 14%, which is less than that of the general population. Per capita income of households headed by someone over 65 is only $500 less than that of the working population as a whole. Despite these figures retailers still do not pay meaningful attention to this potentially lucrative market.[28]

The elderly actually have very similar needs to the young in some respects. They need goals to strive for, opportunities, interaction and involvement. "If companies can help create or contribute to environments that will stimulate the achievement of goals, they will often be successful."[29] These people also want to be physically attractive just as they did 30 years ago.[30]

MARRIOTT'S PROFILE

The Marriott Corporation, in search of new business opportunities, came up with a "new service business" called Lifecare, a residential retirement community.[31] Along with personal care, health care and all the

necessities, these facilities are designed to keep older people active and full of life by doing things with other people of their age groups.[32] I will summarize their procedure for the purpose of this paper. A full account can be found in The Journal of Services Marketing indicated.

Marriott sought to find how to best accommodate this demand. They closely followed Phil Kotler's four P's of strategic marketing:

PROBING: LOOKING FOR ALTERNATIVES

1. Determining market's overall size and rate of growth.
2. The demographic composition of customers it contains.
3. The key motivations of its customers.
4. The nature of competitors and their products.

Probing this market (due to much research in this area currently) resulted in:

PROBING: LOOKING FOR ALTERNATIVES

1. It is growing more rapidly than any other age group.
2. A considerable portion of the elderly are relatively affluent.
3. Many face gradual impairment requiring assistance in daily living and basic health care.
4. Most have concerns about housing, transportation, declining health, and access to medical care.

After probing came segmenting the market to identify relevant dimensions and the relationships between customers' needs and market offerings:

PARTITIONING: SEGMENTING THE ELDERLY MARKET

1. Leisure - Emphasizing lifestyle, includes free-standing housing to the healthy elderly offering things such as swimming, golfing, game rooms and community centers.
2. Health Care - Available to those somewhat impaired including smaller housing units but more health care component leaving out amenities.
3. Partially Medical - Providing some amenities and limited facilities with on-premise personal care and nursing paid for on an as-used basis.
4. Full Service - Traditional community catering to healthy but future-oriented market. Emphasizing lifestyle with a community center and providing nursing care facilities and one meal per day.

After partitioning:

PRIORITIZING: WHY FULL-SERVICE LIFECARE?

This research confirmed that the full-service lifecare segment of retirement housing represents a large portion of the total elderly market and its revenue potential is at least comparable to that of other segments and products that the company might develop.

POSITIONING THE MARRIOTT CONCEPT

The key issues in positioning Marriott's concept were as follows:

Basic product attributes
The desired level of services and amenities
Locational considerations
Image and lifestyle concerns

CONCLUSION

This approach taken by Marriott appears to be a suitable one in appealing to the elderly. Time will tell

but as far as really trying to find out what the needs of this group are and how to meet them, they are on the right track.

More marketers should overcome the archaic concept that those past middle age stay at home, clean dentures, and worry over arthritis.[33] They clean their homes, watch television, go to restaurants and travel. It is really time to cash in on this growing, robust market segment and reap the benefits.

NOTES

[1]Lenore Skenasky, "These Days, It's Hip to be Old," The Advertising Age, 15 Feb. 1988, p. 81.

[2]Elaine Sherman and Philip Cooper, "Life Satisfaction: The Missing Focus of Marketing to Seniors," Journal of Health Care Marketing, March 1988, p. 69.

[3]Randall Rothenberg, "Campaigns that Turn Off Older Americans," New York Times, 30 May 1988, Sec. A, p. 32, col. 1.

[4]Mary Grace Kovar and Tamara Harris, "Who Will Care for the Old?" American Demographics, May 1988, p. 35.

[5]Skenasky, p. 81.

[6]Skenasky, p. 81.

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[8]Skenasky, p. 81.

[9]Albert Scardino, "Ad Man Capitalizes on Generation Gap," New York Times, 4 April 1988, Sec. D, p. 1, col. 4.

[10]Scardino, p. 5.

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[12]Carole B. Allan, "Over 55: Growth Market of the 80's," Nation's Business, April 1988, p. 27.

[13]Allan, p. 27.

[14]Sherman and Cooper, p. 69.

[15]Sherman and Cooper, p. 69.

[16]Sherman and Cooper, p. 69.

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[19]Rothenberg, 11 May 1988, p. 16.

[20]James R. Lumpkin and Barnett A. Greenberg, "Apparel Shopping Patterns of the Elderly," Journal of Retailing, Winter 1982, p. 85.

[21]Rothenberg, 30 May 1988, p. 35.

[22]Rothenberg, 30 May 1988, p. 35.

[23]Rothenberg, 30 May 1988, p. 35.

[24]Rothenberg, 30 May 1988, p. 35.

[25]Rothenberg, 11 May 1988, p. 6.

[26]Lumpkin and Greenberg, p. 80.

[27]Lumpkin and Greenberg, p. 75.

[28]Lumpkin and Greenberg, p. 76.

[29]Sherman and Cooper, p. 70.

[30]Sherman and Cooper, p. 70.

[31]Frank E. Camancho, "Meeting the Needs of Senior Citizens Through Life Care Communities: Marriott's Approach to the Development of New Business," Journal of Services Marketing, Winter 1988, p. 49.

[32]Camancho, p. 50.

[33]Allan, p. 25.